

**RHODE ISLAND COMMERCE CORPORATION
MEETING OF THE BOARD OF DIRECTORS
PUBLIC SESSION
August 22, 2016**

The Board of Directors of the Rhode Island Commerce Corporation (the “Corporation”) met on August 22, 2016, in Public Session, beginning at 5:00 p.m. at the offices of the Corporation, located at 315 Iron Horse Way, Suite 101, Providence, RI 02908, pursuant to the public notice of meeting, a copy of which is attached hereto as Exhibit A, as required by applicable Rhode Island law.

The following directors were present and participated throughout the meeting as indicated: Dr. Nancy Carriuolo, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Karl Wadensten.

Directors absent were: Governor Gina M. Raimondo, Bernard Buonanno, Tim Hebert Ronald O’Hanley and Vanessa Toledo-Vickers.

Also present were: Secretary of Commerce Stefan Pryor, Darin Early, Jeremy Licht and Thomas Carlotto.

1. CALL TO ORDER AND OPENING REMARKS

The Presiding Officer, Mr. McNally, called the meeting to order at 5:07

p.m. indicating that a quorum was present.

Secretary Pryor discussed state rankings based on economic development measures and noted that Governing Magazine now ranks Rhode Island at thirty-five up from forty-three. He stated that based on factors of economic health, Rhode Island is moving in the right direction.

2. TO CONSIDER FOR APPROVAL THE PUBLIC SESSION MINUTES FOR THE MEETING HELD ON AUGUST 10, 2016.

Upon motion duly made by Ms. Sams and seconded by Ms. Lovejoy, the following vote was adopted

VOTED: To approve the Public Session Minutes for the meeting held on August 10, 2016, as submitted to the Directors.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: none.

3. TO CONSIDER THE APPLICATION OF LEXINGTON LIGHTING GROUP LLC FOR INCENTIVES UNDER THE QUALIFIED JOBS INCENTIVE TAX CREDIT PROGRAM.

Mr. McNally noted that the Investment Committee had reviewed the applicants for incentives and recommended approval to the Board of all three projects.

Mr. Saglio provided an overview of the incentives for a relocation of the company from Massachusetts to Rhode Island, which would result in the creation of twenty-four jobs during the commitment period of six years. He noted the company would move its existing twenty employees and add at least one job during each of the next four years.

Mr. Saglio discussed the company's product lines and estimated the value of the credits is approximately \$219,000 over the five-year eligibility period.

Mr. Wadensten asked if the company was owned by a private equity firm or an individual. Mr. Saglio responded that the Company is owned by individuals.

Mr. McNally asked if they would be moving without the incentives. Mr. Saglio explained the cost analysis undertaken and review of other available options in Massachusetts by which staff confirmed that the company would not make the move without incentives.

Upon motion duly made by Mr. Nee and seconded by Ms. Kaplan, the

following vote was adopted

VOTED: To approve Lexington Lighting Group, LLC for incentives under the Qualified Jobs Incentive Tax Credit Program pursuant to the resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the resolution is annexed hereto as Exhibit B.

4. TO CONSIDER THE APPLICATION OF GRANITE TELECOMMUNICATIONS, LLC FOR INCENTIVES UNDER THE QUALIFIED JOBS INCENTIVE TAX CREDIT PROGRAM.

Mr. Saglio explained the telecommunications business operated by Granite Telecommunications, which was started in 2002 and now has revenue in excess of \$3 billion.

Mr. Saglio discussed the proposed jobs incentives which would be the creation of 50 jobs for an eligibility period of ten years at a median salary of approximately \$40,000. He stated that the incentive would amount to approximately \$780,000 over the ten-year period. He indicated that staff has vetted the alternatives available to the

company and the jobs would not be created here but for the provision of the incentives.

Mr. McNally asked about the company's prospects for further growth. Mr. Saglio indicated that the company has experienced robust growth and the company expects to continue substantial growth.

Upon motion duly made by Ms. Kaplan and seconded by Mr. Kelly, the following vote was adopted

VOTED: To approve Granite Telecommunications, LLC for incentives under the Qualified Jobs Incentive Tax Credit program pursuant to the resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the resolution is annexed hereto as Exhibit C.

5. TO CONSIDER LIPPITT MILL, LLC FOR INCENTIVES UNDER THE REBUILD RHODE ISLAND TAX CREDIT PROGRAM.

Mr. Saglio gave an overview of the history of the project, which is a \$15.2 million rehabilitation of a historic mill that will include 40%

affordable housing. He detailed the proposed incentives, which consist of \$2.1 million in tax credits and \$230,000 of sales tax exemption.

Mr. McNally noted that the affordable housing component and the historical significance of the complex are important considerations.

Mr. Nee asked if the project needs to be completed before tax credits issued. Mr. Saglio responded that was accurate.

Ms. Kaplan asked about the experts retained by the developer. Mr. Saglio explained that the developer engaged local experts in mill redevelopment to ensure the project would be a success.

Mr. Wadensten asked about the capability of the program going forward to provide monies for commercial projects. Secretary Pryor indicated that there has been a focus on commercial projects as well and that there will continue to be monies available to ensure a balance among residential, mixed-use and commercial projects.

Upon motion duly made by Ms. Sams and seconded by Ms. Kaplan, the following vote was adopted

VOTED: To approve Lippitt Mill, LLC for incentives under the Rebuild Rhode Island Tax Credit Program pursuant to the resolution submitted to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the resolution is annexed hereto as Exhibit D.

6. TO CONSIDER THE ANNUAL BUDGET OF THE CORPORATION.

Mr. Early gave an overview of the Fiscal 2017 budget and directed the Board to the budget presentation.

He detailed the revenue sources and the uses of funds noting that the majority of which is for Corporation programs.

Mr. Early discussed the comparison between Fiscal Year 2016 and Fiscal 2017.

There was a dialogue between Mr. Early and Board members regarding various line items and expected expenditures.

Upon motion duly made by Ms. Sams and seconded by Mr. Nee, the following vote was adopted

VOTED: To approve the budget of the Corporation as presented to the

Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the presentation is annexed hereto as Exhibit E.

7. TO CONSIDER A GRANT TO THE URI FOUNDATION TO SUPPORT THE TECHNOLOGICAL TALENT INITIATIVE.

Secretary Pryor discussed the prior authorization to the URI Foundation and the efforts of Mr. Pichette to date.

He explained that Mr. Pichette would continue to work with URI regarding academic programs and advancing the tech talent pipeline in the State.

Ms. Sams asked if his focus going forward would be on building programs and pipeline coming out of the universities. Mr. Early indicated that Mr. Pichette would focus on programs and curriculum.

Dr. Carriuolo asked how Mr. Pichette's efforts would be coordinated with the State's chief innovation officer. Secretary Pryor detailed Mr. Pichette's efforts and coordination with various stakeholders

including the chief innovation officer.

Upon motion duly made by Mr. Kelly and seconded by Ms. Sams, the following vote was adopted

VOTED: To approve a grant to the URI Foundation pursuant to the resolution presented to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the resolution is annexed hereto as Exhibit F.

8. TO CONSIDER CONTRACT EXTENSIONS FOR HAVAS PR AND EPIC DECADE.

Mr. Early recused himself from discussions involving Havas.

Ms. Salamano provided the Board with a presentation regarding the goals and approach for marketing and tourism. She explained that the goal is to increase tourism and drive new business, focusing on data to drive success.

Ms. Salamano discussed some of the results to date including earned

media, website and social media, lead generation and paid media. She touched upon her efforts over the six weeks in the position including outreach to multiple stakeholders.

She explained the role of Havas and Epic Decade over the coming months and the request before the Board.

Ms. Lovejoy asked about the distribution between tourism and business attraction. Ms. Salamano indicated that it is 80% for tourism and 20% for business development.

Mr. McNally asked how the split was determined and inquired if the allocation should be revisited to bring more focus on business attraction. Secretary Pryor noted that the Corporation has been able to leverage private dollars to match the allocation of \$1 million presently committed. He explained that tourism requires heavy investment on a continual basis but Ms. Salamano and her team will continue assess the commitment of funds.

Ms. Lovejoy asked about coordination with Havas and Epic Decade and Ms. Salamano explained how she works directly with both vendors.

There was a dialogue among Board members and Ms. Salamano about short term efforts and providing her and her team an opportunity to build a long term plan.

Upon motion duly made by Ms. Lovejoy and seconded by Ms. Carriuolo, the following vote was adopted

VOTED: To approve the contract extensions pursuant to the resolution presented to the Board.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: none.

A copy of the presentation is annexed hereto as Exhibit G.

A copy of the resolution is annexed hereto as Exhibit H.

9. TO CONSIDER LITIGATION ISSUES INCLUDING 38 STUDIOS, LLC.

Upon motion duly made by Mr. Wadensten and seconded by Ms. Lovejoy, the following vote was adopted

VOTED: To enter into Executive Session pursuant to Rhode Island general Law Section 42-46-5(a)(2) to consider litigation issues including 38 Studios, LLC.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Mary Jo

Kaplan, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: none.

Members of the Committee, counsel, and staff entered into Executive Session at 6:32 p.m.

Members of the Committee and staff adjourned from Executive Session and entered public session at 8:20 p.m.

Upon entering public session and motion duly made by Mr. Wadensten and seconded by Mr. Nee, the following vote was adopted:

VOTED: That the minutes of the executive session shall be sealed.

Voting in favor of the foregoing were: Dr. Nancy Carriuolo, Mary Jo Kaplan, Jason Kelly, Mary Lovejoy, Michael McNally, George Nee, Donna M. Sams and Karl Wadensten.

Voting against the foregoing were: none.

Mr. Carlotto disclosed that the Board voted to keep all votes taken in Executive Session confidential.

There being no further business in Public Session, the meeting was

adjourned by unanimous consent at 8:21 p.m., upon motion made by Mr. Nee and seconded by Mr. Wadensten.

Thomas E. Carlotto, Secretary